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MATHESON POSTAL SERVICES, INC. and MATHESON  
TRUCKING, INC.

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
SACRAMENTO DIVISION**

In re:  
  
MATHESON FLIGHT EXTENDERS, INC.,  
  
Debtor.

Case No.: 22-21148

Chapter 11

Case No.: 22-21149

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In re:  
  
MATHESON POSTAL SERVICES, INC.  
  
Debtor.

Chapter 11

Case No.: 22-21758

Judge: The Hon. Christopher M. Klein

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In re:  
  
MATHESON TRUCKING, INC.  
  
Debtor.

Adversary No. \_\_\_\_\_

**COMPLAINT TO AVOID AND  
RECOVER TRANSFERS PURSUANT TO  
11 U.S.C. §§ 547, 548, AND 550 AND TO  
DISALLOW CLAIMS PURSUANT TO 11  
U.S.C. § 502**

Affects All Debtors  
Affects Matheson Flight Extenders

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X Affects Matheson Postal Services  
Affects Matheson Trucking

MATHESON POSTAL SERVICES, INC.,

Plaintiff,

v.

The Pape' Group, Inc. dba Pape Kenworth,

Defendant.

Matheson Postal Services, Inc. (the “Plaintiff” or “MPS”), one of the debtors and debtors in possession in the above-captioned chapter 11 cases (each a “Debtor” and, collectively, the “Debtors”), by and through its undersigned counsel, files this complaint (the “Complaint”) to avoid and recover transfers against The Pape' Group, Inc. dba Pape Kenworth (the “Defendant”) and to disallow any claims held by Defendant. In support of this Complaint, Plaintiff alleges upon information and belief that:

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the Eastern District of California (the “Court”) has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. § 1334(b). The underlying chapter 11 bankruptcy case is captioned *In re Matheson Postal Services, Inc.*, Case No. 22-21149.

2. This adversary proceeding is a “core” proceeding to be heard and determined by the Court pursuant to 28 U.S.C. § 157(b)(2). Plaintiff consents to entry of final orders and judgment by the Court.

3. Venue is proper in this Court pursuant to 28 U.S.C. § 1409(a).

4. The statutory and legal predicates for the relief sought herein are sections 502, 547, 548, and 550 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 3007 and 7001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

8. On May 5, 2022 (the “Petition Date”),<sup>1</sup> Debtors Matheson Flight Extenders, Inc. and MPS filed voluntary petitions for relief under the Bankruptcy Code. The Debtors’ chapter 11 cases (the “Debtors’ Cases”) are being jointly administered. Since the commencement of the Debtors’ Cases, the Debtors have been operating their businesses as debtors in possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

9. On May 25, 2022, the United States Trustee appointed an Official Committee of Unsecured Creditors for MFE and MPS (“Creditors Committee”) (Doc. No. 87), and on August 8, 2022, the UST appointed the same members of the Creditors Committee to also serve as the Official Committee of Unsecured Creditors for MTI (Doc. No. 297).

5. No trustee or examiner has been appointed in any of the Debtors' Cases.

6. The Debtors provided extensive logistics and mail handling services under contracts with the United States Postal Service (the “USPS” or “Postal Service”) and other customers, including Federal Express Co., United Parcel Service, and DHL. Approximately 85% of the Debtors’ revenue stream stemmed from services provided to USPS. The Debtors had approximately 3,000 full-time employees, with an increase to over 4,000 employees during peak mailing periods.

7. Pursuant to sections 547, 548, 550, 704(a), 1106, and 1107 of the Bankruptcy Code, Plaintiff is authorized and has standing to pursue this avoidance action.

8. Upon information and belief, Defendant was, at all relevant times, a vendor or creditor that provided goods and/or services to or for the Debtors. Upon further information and belief, at all relevant times, Defendant's principal place of business is located at 355 Goodpasture Island Road, Eugene, Oregon 97401. Plaintiff is informed and believes and on that basis alleges that Defendant is a corporation residing in and subject to the laws of the State of Oregon.

<sup>1</sup> Debtors Matheson Flight Extenders, Inc. (“MFE,” Bankruptcy Case. No. 22-21148) and MPS filed on May 5, 2022; Debtor Matheson Trucking, Inc. (“MTI,” Bankruptcy Case No. 22-21758) filed on July 14, 2022.

**FACTUAL BACKGROUND**

11. Prior to the Petition Date the Debtors, as providers of logistics and mail handling services, maintained business relationships with various business entities, through which the Debtors regularly purchased, sold, received, and/or delivered goods and services. The Debtors also regularly paid for services used to facilitate its business.

12. The Debtors' financial difficulties that led to the decision to file petitions for bankruptcy are attributable to a combination of factors, all of which placed significant stress on the Debtors' liquidity position in the months leading up to the Petition Date.

13. The Debtors ceased operations on January 31, 2024, and are in the process of liquidating their remaining assets. There will not be sufficient funds to pay general unsecured non-priority claims in full and holders of such class of claims are impaired.

14. During the ninety (90) days before and including the Petition Date, that is between February 4, 2022, and May 5, 2022 (the "Preference Period"), the Debtors continued to operate their business, including the transfer of money, either by checks, cashier checks, wire transfers, ACH transfers, direct deposits or otherwise to various entities.

15. Upon information and belief, during the course of their relationship, the Defendant and one of more of the Debtors entered into agreements for the purchase of goods and/or services by Debtors from the Defendant, which are evidenced by one or more contracts, purchase orders, invoices, communications and other documents (collectively, the "Agreements"). Upon further information and belief, the Agreements concerned and related to the goods and/or services provided by Defendant to one or more of the Debtors as described in the "Parties" section of this Complaint. Plaintiff's payments to the Defendant pursuant to the Agreements during the Preference Period are set forth on the Statement of Account, which is attached hereto and incorporated by reference as Exhibit A.

1           16. Plaintiff is seeking to avoid all of the transfers of an interest of Plaintiff's property made  
2 by Plaintiff to Defendant within the Preference Period.

3           17. Plaintiff made transfer(s) of an interest of Plaintiff's property to or for the benefit of  
4 Defendant during the Preference Period through payments aggregating not less than the amount set forth  
5 on Exhibit A hereto (the "Transfer(s)"). The details of each Transfer are set forth on Exhibit A attached  
6 hereto and incorporated by reference.

7           18. On or about April 3, 2024, Plaintiff, through counsel, sent a demand letter (the "Demand  
8 Letter") to Defendant, seeking a return of the Transfer(s). The Demand Letter indicated the potential  
9 statutory defenses available to Defendant pursuant to section 547 of the Bankruptcy Code and requested  
10 that if Defendant had evidence to support any affirmative defenses, it provide this evidence so Plaintiff  
11 could review the same.

12           19. Plaintiff also performed Plaintiff's own due diligence evaluation of the reasonably  
13 knowable affirmative defenses available to Defendant. As part of Plaintiff's due diligence, Plaintiff  
14 reviewed the books and records in Plaintiff's possession and identified that Defendant potentially has  
15 \$18,725.08 in invoices qualifying for the subsequent new value defense under section 547(c)(4) of the  
16 Bankruptcy Code. However, the subsequent new value defense is an affirmative defense, for which  
17 Defendant bears the burden of proof under section 547(g). The potential new value is based on the  
18 invoice date in the books and records. As the dates for new value are often based on the shipping dates  
19 for goods and the actual dates of service for services, this new value is subject to adjustment.  
20 Accordingly, Plaintiff puts Defendant to its burden of proof to establish it is entitled to this new value.

21           20. Based upon Plaintiff's review of the information, if any, provided by Defendant prior to  
22 filing this Complaint, and after performing Plaintiff's own due diligence evaluation of the reasonably  
23 knowable affirmative defenses to avoidance of the Transfer(s), Plaintiff has determined that Plaintiff  
24  
25  
26  
27  
28

1 may avoid some or all of the Transfers even after taking into account Defendant's alleged affirmative  
2 defenses.

3         21. During the course of this proceeding, Plaintiff may learn (through discovery or  
4 otherwise) of additional transfers made to Defendant during the Preference Period. It is Plaintiff's  
5 intention to avoid and recover all preferential transfers of property made by the Debtors to or for the  
6 benefit of Defendant or any other transferee. Plaintiff reserves its right to amend this original Complaint  
7 to include: (i) further information regarding the Transfer(s), (ii) additional transfers, (iii) modifications  
8 of and/or revision to Defendant's name, (iv) additional defendants, and/or (v) additional causes of  
9 action, if applicable (collectively, the "Amendments"), that may become known to Plaintiff at any time  
10 during this adversary proceeding, through formal discovery or otherwise, and for the Amendments to  
11 relate back to this original Complaint.  
12

## 13 **CLAIMS FOR RELIEF**

### 14 **COUNT I**

#### 15 **(Avoidance of Preference Period Transfers – 11 U.S.C. § 547)**

16         22. Plaintiff incorporates all preceding paragraphs as if fully re-alleged herein.

17         23. As more particularly described on Exhibit A attached hereto and incorporated herein,  
18 during the Preference Period, Plaintiff made Transfers to or for the benefit of Defendant in an aggregate  
19 amount not less than \$26,463.06.  
20

21         24. Each Transfer was made from Plaintiff, and constituted transfers of an interest in  
22 property of Plaintiff.  
23

24         25. Defendant was a creditor of Plaintiff at the time of each Transfer by virtue of supplying  
25 the goods and/or services identified in this Complaint and in the Agreements to Plaintiff, as more fully  
26 set forth on Exhibit A hereto, for which Plaintiff was obligated to pay following delivery in accordance  
27 with the Agreements. *See* Exhibit A.  
28







**COUNT IV**  
**(Disallowance of all Claims – 11 U.S.C. § 502(d) and (j))**

37. Plaintiff incorporates all preceding paragraphs as if fully re-alleged herein.

38. Defendant is a transferee of transfers avoidable under sections 547 and/or 548 of the Bankruptcy Code, which property is recoverable under section 550 of the Bankruptcy Code.

39. Defendant has not paid the amount of the Avoidable Transfers, or turned over such property, for which Defendant is liable under 11 U.S.C. § 550.

40. Pursuant to 11 U.S.C. § 502(d), any and all Claims of Defendant and/or its assignee, against the Plaintiff's estate must be disallowed until such time as Defendant pays to Plaintiff an amount equal to the aggregate amount of the Avoidable Transfers, plus interest thereon and costs.

41. Pursuant to 11 U.S.C. § 502(j), any and all Claims of Defendant, and/or its assignee, against the Debtors' estate previously allowed by the Debtors, must be reconsidered and disallowed until such time as Defendant pays to the Debtors an amount equal to the aggregate amount of the Avoidable Transfers.

**PRAYER**

WHEREFORE, Plaintiff prays for entry of judgment against Defendant as follows:

1. On the First, Second, and Third Claims for Relief, judgment in favor of Plaintiff and against Defendant, avoiding all of the Avoidable Transfers and directing Defendant to return to Plaintiff the amount of the Avoidable Transfers, pursuant to 11 U.S.C. §§ 547(b), 548, and 550(a), plus interest from the date of demand at the maximum legal rate and to the fullest extent allowed by applicable law, together with the costs and expenses of this action including, without limitation, attorneys' fees;

2. On Plaintiff's Fourth Claim for Relief, judgment in favor of Plaintiff and against Defendant disallowing any claims held or filed by Defendant against Plaintiff until Defendant returns the Avoidable Transfers to Plaintiff pursuant to 11 U.S.C. § 502(d) and (j); and

3. For such other and further relief as the Court deems just and proper.

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DATED: May 2, 2024

NUTI HART LLP  
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and

ASK LLP  
Kara E. Casteel (admitted pro hac vice)

By: /s/ Kara E Casteel  
Attorneys for the Chapter 11 Debtors and  
Debtors In Possession